

MEMORANDUM

DATE: April 23, 2008

TO: The Honorable Gerald L. Brady

FROM: Ms. Daniese McMullin-Powell
Chairperson
State Council for Persons with Disabilities

RE: H.B. 355 [Health Insurer Coverage of Hearing Aids]

The State Council for Persons with Disabilities (SCPD) has reviewed H.B. 355 which would require State-regulated individual and group health insurance carriers to cover hearing aids for children. Coverage would be capped at \$1,000 per hearing aid, per ear, every 3 years. SCPD, in collaboration with the Disabilities Law Program, has prepared the attached alternate version. SCPD endorses the concept of the H.B. 355, but prefers the substitute bill based on the following rationale.

First, by requiring insurers to “provide coverage of up to one thousand dollars” (line 9), the bill may literally disallow voluntary insurer coverage exceeding \$1,000. In other words, the mandatory language could be construed as a cap.

Second, SCPD incrementally extended eligibility to young adults based on the recently amended Title 18 Del.C. §§3354 and 3570 (attached). This is a relatively modest extension of eligibility coverage.

Third, SCPD edited the description of health insurers to comport with similar bills [e.g. H.B. No. 290, lines 4-6 and 27-29] and statutes [Title 18 Del.C. §§3346 and 3347 (attached)].

Fourth, it is SCPDs understanding that a digital hearing aid costs approximately \$3,000. Moreover, the states of Kentucky, Louisiana, and Maryland have statutes requiring \$1,400 in coverage for each hearing aid. SCPD therefore inserted a relatively conservative automatic step increase to \$1,250 in 5 years.

Fifth, consistent with the recommendation from Insurance Commissioner Matthew Denn, SCPD deleted the first sentence at lines 10-11. Insurance contracts will vary in terms of “in-network” providers and authorized vendors for durable medical equipment and there is no need to insert an affirmatively limiting provision in the statute. There is no such limit in similar statutes.

Sixth, SCPD deleted the “reimbursement” sentence in lines 12-13. In some cases the insurer may pre-approve and “front” costs or pay the provider directly. Not all insurance operates on a reimbursement model.

Seventh, SCPD considered outright deletion of lines 17-20. Although there are some analogs in Title 18 Del.C. §§3343(a)(2) and 3554, the vast majority of “mandatory coverage” statutes do not contain explicit exemptions. SCPD compromised by including the following provision:

This section does not apply to accident-only, hospital confinement indemnity, Medicare supplement, long-term care, or disability-income insurance.

In addition, SCPD recommends avoiding the exclusionary term “limited benefit policies” (lines 19-20) since all policies are essentially “limited benefit policies”.

Eighth, SCPD edited lines 15-16 to clarify that an insurer can apply its “standard” deductible based on “similar” benefits (e.g. DME). Otherwise, an insurer could simply adopt a \$1,000 special deductible for hearing aids and pay nothing or adopt the highest deductible under the policy for any class of benefits.

Ninth, SCPD deleted Section 3 based on the recommendation from the Insurance Commissioner indicating that State employee coverage already exceeds coverage in the bill.

Thank you for your consideration and please contact SCPD if you have any questions or comments regarding our recommendations on the proposed legislation. .

cc: Governor’s Advisory Council for Exceptional Citizens
Developmental Disabilities Council

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